

Message Text

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SUBJECT: CIVAIR: CAB PRESS RELEASE ON LUFTHANSA LOW
FARES

1. CAB ON MARCH 31 ANNOUNCED THE FOLLOWING PRESS RELEASE:

2. "THE CIVIL AERONAUTICS BOARD TODAY ANNOUNCED IT WILL
ALLOW NEW LOW 'HOLIDAY' FARES PROPOSED BY LUFTHANSA, THE
GERMAN AIRLINE, TO GO INTO EFFECT TOMORROW BETWEEN THE
UNITED STATES AND THE FEDERAL REPUBLIC OF GERMANY. AT
THE SAME TIME, THE BOARD REQUESTED THE STATE DEPARTMENT
TO SEEK APPROVAL OF PAN AMERICAN AIRWAYS' PROPOSED
'BUDGET' FARES BY THE WEST GERMAN GOVERNMENT, WHICH HAD
EXPRESSED DISSATISFACTION WITH THOSE FARES.

3. "THE HOLIDAY FARES, WHICH ARE AVAILABLE UNDER TERMS
ESSENTIALLY IDENTICAL TO EXISTING ADVANCE PURCHASE
EXCURSION ('APEX') FARES, WILL BE 398 DOLS BETWEEN
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FRANKFURT AND NEW YORK DURING THE PEAK SUMMER SEASON, AND
340 DOLS IN THE WINTER SEASON. HOLIDAY AND APEX FARES ARE
VALID FOR TRIPS OF 14 TO 45 DAYS, AND REQUIRE AN ADVANCE
PURCHASE OF 45 DAYS. FIRM RESERVATIONS ARE OFFERED FOR

TRAVEL AT THESE FARES, DEPENDING ON SEAT AVAILABILITY.
LUFTHANSA PLANS TO OFFER UP TO 25 PERCENT OF ITS TOTAL

WEEKLY ECONOMY-CLASS CAPACITY AT THESE FARES. SIMILAR TERMS AND PRICES APPLY TO THE APEX FARES OF PAN AMERICAN AND TWA, BOTH OF WHOM CURRENTLY SERVE WEST GERMANY.

4. "PAN AMERICAN'S PROPOSED BUDGET FARE WOULD BE AT A LOWER LEVEL THAN THE HOLIDAY AND APEX FARES--358 DOLS FOR THE SUMMER AND 312 DOLS FOR THE WINTER--BUT THE AIR CARRIER, RATHER THAN THE PASSENGER, WOULD DETERMINE THE PRECISE DATE OF THE FLIGHT. THE PASSENGER SELECTS THE WEEK OF DEPARTURE AND MUST PURCHASE THE TICKET AT LEAST 21 DAYS IN ADVANCE.

5. "BUDGET AND APEX FARES HAVE BEEN APPROVED BY THE BOARD FOR A NUMBER OF INTERNATIONAL MARKETS. AFTER CONSIDERING THE OPTIONS PRESENTED BY THE VARIOUS AIR CARRIER FILINGS IN THE U.S.-WEST GERMAN MARKET, THE BOARD DECIDED TO APPROVE THE WEST GERMAN AIR CARRIER'S NEW LOW FARE IN THE HOPE THAT THE WEST GERMAN GOVERNMENT WOULD BE SIMILARLY FORTHCOMING WITH RESPECT TO THE ECONOMICALLY JUSTIFIED LOW FARE PROPOSALS OF THE U.S. CARRIERS.

6. "THE BOARD REITERATED THAT IT IS COMMITTED TO A POLICY OF ENCOURAGING LOW FARES AND PROMOTING COMPETITION IN THE AIRLINE INDUSTRY. ACCEPTANCE BY ANY FOREIGN GOVERNMENT OF LOW FARES FOR ITS NATIONAL CARRIER WHILE, AT THE SAME TIME, DENYING COMPETITIVE RESPONSES BY U.S. CARRIERS

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RAISES SERIOUS COMPETITIVE PROBLEMS, IN THE BOARD'S VIEW. IN ADDITION, THE BOARD EXPRESSED ITS DETERMINATION TO PRESS FOR MORE LIBERAL RULES THAT WILL GIVE CHARTER CARRIERS A FAIR OPPORTUNITY TO COMPETE." VANCE

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